

SOFT DOLLARS

A.C.A. § 24-7-303 and §§ 24-2-610

“Soft dollars” or “soft commissions” include any third-party or broker services an investment manager receives in addition to execution, whether these arrangements are explicit or implicit.

Commissions paid by investment managers for the purchase of equity securities are ATRS System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System.

So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, equity investment managers shall provide a comprehensive quarterly report to the Investment Consultant on brokerage activity, commissions, services, and such other information as may be requested by the Investment Consultant or the Board. The Investment Consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

Adopted: October 7, 2003